

SECTION III

TECHNOLOGY AND MILITARY ADVANCEMENTS

This final section of the Report assesses China's rapid advances in technology development, military modernization, and media control. These advancements are altering bilateral and regional trade flows, the cross-Strait military balance, and, in the case of media control, the Chinese government's ability to shape perceptions of the United States and its policies.

Chapter 7 reviews the Chinese government's coordinated strategy for directing national and foreign investment into high-tech research, development and production. China's policies for attracting and directing high-tech investment have been a sustained, multiyear effort that has paid dividends for economic growth, science and technology institutions, educational infrastructure, technical levels of workers and industries, and military modernization. The United States and other foreign partners—both commercial and governmental—have contributed significantly to these developments. U.S. advanced technology and technological expertise is transferred to China in a number of ways, both legal and illegal, including through U.S. invested firms and research centers in China, Chinese investments in the United States, bilateral science and technology (S&T) cooperative programs, and Chinese students and researchers who return home following their work and study at U.S. universities and research institutes.

The U.S. government's collection of data on the shifts of U.S. high-tech investment, technology transfers, and R&D to China is inadequate. Information on U.S. transfers of technology subject to export licensing is compiled and government reporting on official S&T cooperation efforts has improved somewhat under Congressional mandate; but the overall picture of U.S. contributions to the development of China's technology growth and R&D base is not at all clear. Assessments of the implications of these shifts for the United States' longer-term technological superiority and for China's competitiveness—both commercially and militarily—are difficult to make as a result of this gap in knowledge.

In Chapter 8, the Commission reviews China's military modernization programs. Commission research and hearings indicate that China's military capabilities increasingly appear to be shaped to fit a Taiwan conflict scenario and to target U.S. air and naval forces that could become involved. China's modern arsenal includes an increasingly sophisticated nuclear missile force that is of direct strategic concern to the United States, while in the Western Pacific theater China has deployed over five hundred conventional short-range ballistic missiles that threaten Taiwan and longer-range conventional missiles that could threaten Japan and U.S. forces de-

ployed in the region. China's advanced naval and air weapons systems—including surface ships, submarines, antiship missiles, and advanced fighter aircraft—have been significantly enhanced by infusions of foreign military technology, coproduction assistance, and direct purchases, mainly from Russia and, to a lesser extent, from Israel.

Chapter 8 further considers the implications of these quantitative and qualitative military advancements for Taiwan, for the United States, and for cross-Strait relations. There is a discussion of developments in Taiwan's own defense establishment and of Taiwan's current and future defense needs in response to China's progress. Building on themes introduced in Chapter 4, China's Regional Economic and Security Impacts, this chapter confirms the importance of Congress maintaining its key oversight role in assessing Taiwan's defense needs under the Taiwan Relations Act and urges closer coordination between the administration and Congress on this matter.

In Chapter 9, the Report examines how the Chinese government continues to exercise strong controls on the dissemination of information via the public media. While there has been some loosening of controls on reporting of news relating to many areas of business and society in China, red lines remain that are dangerous for individuals or organizations to exceed.

Both for control and command purposes, the Chinese government's propaganda machinery has not withered away during twenty-five years of reform and opening; rather it has modernized. This was proven beyond doubt during the SARS epidemic of 2003. The Chinese government's intensive efforts to cover up the outbreak of SARS showed the breadth of the government's control, while the ability of many in the population to nonetheless access information about the epidemic via the Internet, text messaging, and other new media demonstrated the limitations of this control in a growing high-tech society.

Commission research, including findings of a public hearing on the subject, leads to the conclusion that the government's temporary reversal of policy to encourage accurate reporting of SARS developments did not herald a fundamental change in the Chinese government's approach to controlling the media, including information available through the Internet. The government's shift on SARS occurred primarily in response to international alarms after the outbreak had crossed national boundaries and became prominent in foreign press accounts.

Government censorship; jamming of some overseas broadcasts, including those of U.S. government-sponsored outlets like the Voice of America; blocking of foreign and domestic Internet Web sites; and punishments for those who disseminate information beyond the government's tolerance remain widespread. Open criticism of China's leaders, questioning of the Communist Party and its policies, organizational activities that are independent of government control, and anything perceived as conducive to political conduct remain taboo in the public media.

Together, these three final chapters remind us of the state-directed nature of China's growing economic, political, and military power. China channels high-technology research and development

to benefit China's defense industrial base; it directs military modernization toward coercion of Taiwan and deterrence of the United States; and it controls and uses the media to shape support for its policies and perceptions toward the United States.